Document 12

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Case 5:08-cv-02137-RMW

REQUEST FOR JUDICIAL NOTICE

DATED: May 27, 2008

Respectfully submitted,

NIXON PEABODY LLP

Ву:

Lisa M. Chapman Attorneys for Plaintiff MICHEL GELINAS

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Lisa M. Chapman (SBN #118113) NIXON PEABODY LLP 200 Page Mill Road, Second Floor Palo Alto, CA 94306-2022 Telephone: (650) 320-7700 Fax: (650) 320-7701

Attorney for Plaintiff MICHEL GELINAS

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## SUPERIOR COURT OF CALIFORNIA IN AND FOR THE COUNTY OF SANTA CLARA

MICHEL GELINAS, an individual,

Plaintiff,

VS.

THE BERGQUIST COMPANY, a Minnesota corporation, and DOES 1-20, inclusive,

Defendants.

Case No.: 108CV109164

COMPLAINT FOR DECLARATORY RELIEF

# BY FAX

Plaintiff, Michel Gelinas (hereinafter "GELINAS" or "Plaintiff"), for his complaint against Defendant the Bergquist Company (hereinafter, "BERGQUIST" or Defendant), alleges and states as follows:

#### NATURE OF ACTION

This is an action by GELINAS, a former employee of BERGQUIST, whereby GELINAS seeks a determination and declaration of his rights, duties and obligations, if any, in connection with the Non-compete, Non-Solicitation and Confidentiality Agreement (hereinafter the "NON-COMPETE AGREEMENT") signed by GELINAS on or about April 27, 2004 and the Separation Agreement and General Release (hereinafter the "SEPARATION AGREEMENT") entered into between GELINAS and BERGQUIST on or about October 23, 2007.

COMPLAINT FOR DECLARATORY RELIEF

## PARTIES, JURISDICTION AND VENUE

- 2. GELINAS is an individual residing in the State of California, County of Santa Clara.
- 3. Plaintiff is informed and believes and thereon alleges that BERGQUIST is a Minnesota corporation with its principal place of business in Chanhassen, Minnesota. BERGQUIST is a developer, manufacturer and distributor of thermal products, membrane switches, electronic components and touch screens.
- 4. Plaintiff does not know the true names and capacities whether individual, corporate, partnership or otherwise, of DOES 1-20, inclusive, and therefore sues these Defendants by fictitious names. Plaintiff is informed and believes, and thereon alleges that such Defendants are, in some manner, persons or entities related to BERGQUIST and are responsible for the matters alleged herein and/or are interested in the matters which are the subject of this complaint, and therefore should be made parties to this action. When the true names and capacities of DOES 1-20 are ascertained, this complaint will be amended accordingly.
- 5. Plaintiff is informed and believes, and on that basis alleges, that all relevant times each of the Defendants (including the fictitiously named DOE Defendants), were the alter ego, agent, servant, employee or principal of each of the other Defendants, and in doing the acts alleged were acting within the course and scope of their agency or employment with the knowledge and consent of each Defendant.
- 6. Jurisdiction is proper in California because Defendant sold goods that were purchased by consumers in California and employed sales personnel that resided in California and performed employment related duties in California and Defendant's relationship to the state is such that the exercise of jurisdiction does not offend traditional notions of fair play and substantial justice.
- 7. Venue is proper in Santa Clara County Superior Court because (a) GELINAS resides in Santa Clara County, and (b) the employment related services provided by GELINAS pursuant to the terms of the employment agreement entered into between the parties were predominately provided by GELINAS in Santa Clara County.

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#### THE AGREEMENTS

8. On or about April 12, 2004, BERGQUIST, by and through its agent, verbally offered GELINAS a Regional Sales Manager position whereby he would be responsible for BERGQUIST'S Northern California, Oregon, Washington and Canada sales territory. BERGQUIST subsequently confirmed that verbal offer by a written employment agreement (hereinafter the "EMPLOYMENT AGREEMENT") dated April 12, 2004 and delivered to GELINAS in Gilroy, California. (A true and correct copy of the EMPLOYMENT AGREEMENT is attached hereto as Exhibit A, and incorporated herein by this reference.) The EMPLOYMENT AGREEMENT obligated GELINAS to provide employment related services to BERGQUIST, in exchange for which BERGQUIST would compensate GELINAS by paying him a salary of One Hundred and Fifteen Thousand Dollars (\$115,000.00) per year, bonuses pursuant to the terms of BERGQUIST'S sales incentive plans (including its "RSM NA Sales Incentive Compensation" plan) and benefits. GELINAS' duties as a Regional Sales Manager included coordinating and managing the sales activities of BERGQUIST in its Northern California, Oregon, Washington and Canada sales territory. None of the employment related services required to be provided by GELINAS were to be performed in Minnesota, and all were to be performed and were actually performed in California and the other areas of the subject sales territory.

On or about April 27, 2004, GELINAS commenced his employment with 9. BERGQUIST by attending a mandatory new employee orientation at BERGQUIST'S corporate office in Minneapolis, Minnesota. At that orientation BERGQUIST demanded, without any prior notification to GELINAS, that GELINAS execute the NON-COMPETE AGREEMENT. Prior thereto BERGQUIST had not informed GELINAS that his employment with BERGQUIST was conditioned on his execution of the NON-COMPETE AGREEMENT. BERGQUIST did not provide GELINAS with anything in exchange for his execution of the NON-COMPETE AGREEMENT. Under duress and fearing that his employment would be terminated if he refused BERGQUIST'S demand, GELINAS executed the NON-COMPETE AGREEMENT. (A true and correct copy of the NON-COMPETE AGREEMENT is attached hereto as Exhibit B, and incorporated herein by this reference.)

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10. Under the NON-COMPETE AGREEMENT GELINAS is prohibited, for a period of twelve (12) months after termination of his employment, from competing with BERGQUIST in any manner or soliciting BERGQUIST'S employees. The NON-COMPETE AGREEMENT states in pertinent part as follows:

"3. Non-competition. During employment and for twelve (12) months after terminating employment with the Company regardless of the reason, the Employee shall not, directly or indirectly, on behalf of Employee or any other person or entity, provide services for products that compete with any product or service provided by the Company or which was in development during the Employee's employment"..."

#### And

- "5. Non-solicitation of customers. The Employee agrees not to compete with the Company by doing business with or seeking orders from any customer of the Company for 12 months after termination of the employment relationship. The Employee agrees that soliciting customers will cause the Company irreparable harm."
- 11. The NON-COMPETE AGREEMENT further provides that it is to be interpreted and enforced in accordance with the laws of the State of Minnesota. The NON-COMPETE AGREEMENT does not include an arbitration provision.
- GELINAS performed all of the duties required to be performed by him pursuant to the 12. terms of the EMPLOYMENT AGREEMENT. GELINAS performed all such duties either at his Santa Clara office or in BERGQUIST'S Northern California, Oregon, Washington and Canada sales territory.
- As of October 23, 2007, GELINAS was entitled to a bonus pursuant to 13. BERGQUIST'S "RSM NA Sales Incentive Compensation" plan.
- On or about October 23, 2007, BERGQUIST terminated GELINAS' employment 14. without cause. On that same day BERGQUIST provided him with a copy of a Separation Agreement and General Release (hereinafter "SEPARATION AGREEMENT") and demanded that he execute it

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COMPLAINT FOR DECLARATORY RELIEF

within forty-five (45) days. (A true and correct copy of the SEPARATION AGREEMENT is attached hereto, designated Exhibit "C" and incorporated herein by this reference.) SEPARATION AGREEMENT does not contain a choice of law provision. The SEPARATION AGREEMENT includes in paragraph 6 an arbitration provision that obligates BERGQUIST and GELINAS to resolve any dispute through binding arbitration in Minneapolis, Minnesota, and, among other things, obligates each to pay for one half of the arbitrator's fees. The only consideration set forth in the Separation Agreement was payment of the RSM NA Sales Incentive which was already owed. Fearful that if he did not execute the agreement BERGQUIST would refuse to pay him the outstanding bonus payment that he was owed by BERGQUIST, GELINAS executed the SEPARATION AGREEMENT.

- On or about December 5, 2007, GELINAS accepted a Director of Sales Western 15. Region position with Laird Technologies, Inc. (hereinafter "LAIRD"). LAIRD is a Delaware corporation with its principal place of business in Chesterfield, Missouri. This position obligates GELINAS to manage and coordinate the sales activities of LAIRD in its western sales territory. LAIRD'S western territory is comprised of the United States (west of the Mississippi River only) and Mexico. Since joining LAIRD in December of 2007, GELINAS has spent approximately ninety percent (90%) of his time devoted to the sales activities of LAIRD in areas that are located outside of BERGQUIST'S Northern California, Oregon, Washington and Canada sales territory and only fifteen to twenty percent (15-20%) of LAIRD'S business is comparable to BERGQUIST'S.
- On or about February 5, 2008, BERGQUIST sent GELINAS a letter informing him of 16. its intent to enforce the terms of the NON-COMPETE AGREEMENT in an arbitration proceeding in Minneapolis, Minnesota, and asserting that his actions on behalf of Laird were prohibited by the terms of the NON-COMPETE AGREEMENT.

### FIRST CAUSE OF ACTION

## (Declaratory Relief Regarding the NON-COMPETE AGREEMENT Against All Defendants)

17. GELINAS incorporates herein by reference each and every allegation contained in paragraphs 1 – 16 above.

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- An actual controversy has arisen and now exists between GELINAS and 18. Defendants concerning their respective rights and obligations under the NON-COMPETE AGREEMENT.
- GELINAS contends that the NON-COMPETE AGREEMENT is void and 19. unenforceable because it restricts GELINAS' right to work for a competing business, and in doing so violates California Business & Professions Code § 16600, et seq. This statute provides that covenants not to compete which restrict the rights of employees to work wherever they choose are unenforceable. Under this statute and California law, covenants which contain improper restrictions relating to an employee's right to work violate the public policy of the State of California and are unenforceable.
- GELINAS further contends that because he did not receive anything from 20. BERGQUIST in exchange for his execution of the NON-COMPETE AGREEMENT, it is not supported by adequate consideration and is therefore unenforceable.
- 21. GELINAS further contends that the choice of law provision in paragraph 14 of the NON-COMPETE AGREEMENT which provides that its terms should be interpreted in accordance with the laws of Minnesota is unenforceable. The NON-COMPETE AGREEMENT contains an illegal covenant not to compete and thereby violates the public policy of the State of California. The choice of law provision therein is also unenforceable and California law must be applied in any dispute arising out of the NON-COMPETE AGREEMENT.

## SECOND CAUSE OF ACTION

## (Declaratory Relief Regarding the SEPARATION AGREEMENT Against All Defendants)

- 22. GELINAS incorporates herein by reference each an every allegation contained in paragraphs 1 - 21 above.
- An actual controversy has arisen and now exists between GELINAS and 23. Defendants concerning their respective rights and obligations under the SEPARATION AGREEMENT.

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- 24. GELINAS contends that because he did not receive anything from BERGQUIST in exchange for his execution of the SEPARATION AGREEMENT, it is not supported by adequate consideration and is therefore unenforceable.
- 25. GELINAS further contends that California law should be applied in any dispute arising out of the SEPARATION AGREEMENT. California has a public policy of regulating the relationships between employers and California based employees. Because the SEPARATION AGREEMENT relates to the employer-employee relationship between BERGQUIST and GELINAS, and because the SEPARATION AGREEMENT does not contain a choice of law provision, California law should be applied.
- 26. GELINAS further contends that adjudication of the enforceability of the NON-COMPETE AGREEMENT or issuance of any judgment relating to the NON-COMPETE AGREEMENT may not be determined in arbitration. The NON-COMPETE AGREEMENT does not include an arbitration provision. The SEPARATION AGREEMENT does not integrate the NON-COMPETE AGREEMENT, and therefore the arbitration provision of the SEPARATION AGREEMENT is not binding on any dispute arising out of the NON-COMPETE AGREEMENT.
- GELINAS further contends that even if the arbitration provision in paragraph 6 of the 27. SEPARATION AGREEMENT, which provides that any dispute arising out of the SEPARATION AGREEMENT is subject to binding arbitration, applied to the NON-COMPETE AGREEMENT, it is also unenforceable. Under California law, arbitration provisions that are procedurally or substantively unconscionable are unenforceable. The arbitration provision in the SEPARATION AGREEMENT is both procedurally and substantively unconscionable, because, among other reasons, it obligates GELINAS to pay for one half of the arbitrator's fees and for the arbitration to be held in Minneapolis, Minnesota. As such it is unenforceable.

### PRAYER FOR RELIEF

WHEREFORE, Plaintiff, Michel Gelinas, prays this Court for declaratory judgment against Defendant, the Bergquist Company, and all identified DOE Defendants as follows:

For a judicial declaration regarding the rights and other legal relationships between the 1. Plaintiff and Defendants as to the NON-COMPETE AGREEMENT;

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- .-2. For a judicial declaration that the NON-COMPETE AGREEMENT is unenforceable by Defendants due to lack of adequate consideration;
- For a judicial declaration that the NON-COMPETE AGREEMENT is void under Cal. 3. Bus. & Prof. Code § 16600, et seq. and Defendants are, therefore, barred from enforcing it against Plaintiff:
- For a judicial declaration that the NON-COMPETE AGREEMENT is unenforceable 4. by Defendants due to lack of consideration;
- 5. For a judicial declaration that the choice of law provision in the NON-COMPETE AGREEMENT is void and that California law should govern any dispute arising out of the NON-COMPETE AGREEMENT;
- For an Order prohibiting Defendants from enforcing the NON-COMPETE 6. AGREEMENT:
- For a judicial declaration regarding the rights and other legal relationships between the 7. Plaintiff and Defendants as to the SEPARATION AGREEMENT;
- For a judicial declaration that the SEPARATION AGREEMENT is unenforceable by 8. Defendants due to lack of adequate consideration;
- For a judicial declaration that the arbitration provision in the SEPARATION 9. AGREEMENT is void because it violates California law and is unenforceable;
- For a judicial declaration that California law should be applied in any dispute arising 10. out of the SEPARATION AGREEMENT;
- 11. For a judicial declaration that if an arbitration is conducted pursuant to the terms of the SEPARATION AGREEMENT, such arbitration may not involve consideration of the enforceability of the NON-COMPETE AGREEMENT or issuance of any judgment or ruling regarding the NON-COMPETE AGREEMENT;
- 12. For an Order prohibiting Defendants from enforcing the SEPARATION AGREEMENT;
  - 13. For the costs of this action; and,

For such other and further relief as this Court seems just and equitable.

DATED: March 18, 2008

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Respectfully submitted,

NIXON PEABODY LLP

Lisa M. Chapman
Attorneys for Plaintiff
MICHEL GELINAS

Case 5:08-cv-02137-PVT Document 1 Filed 04/24/2008 Page 1 of 18 FILED Richard W. Osen, Esq. (SBN 042566) Julie A. Raney, Esq. (SBN 176060) 1 Ann Taylor Schwing, Esq. (SBN 91914) MCDONOUGH HOLLAND & ALLEN PC 2 2008 APR 24 1 2 32 555 Capitol Mall 9th Floor 3 RICHARD W. WIEKING CLERK U.S. DISTRICT COURT Sacramento, CA 95814 Tel: (916) 444-3900 Pax: (916) 444-3249 NO. DIST, OF CA. S.J. 5 Attorneys for Defendant 6 **E-FILING** 7 8 UNITED STATES DISTRICT COURT 9 NORTHERN DISTRICT OF CALIFORNIA 10 MICHEL GELINAS CASE NO .: 11 Plaintiff. 02137 12 ٧. THE BERGQUIST COMPANY, 13 NOTICE OF REMOVAL OF ACTION UNDER 28 U.S.C. § 1441(b) 14 Defendant. 15 16 TO THE CLERK OF THE ABOVE-ENTITLED COURT: 17 PLEASE TAKE NOTICE that Defendant files this Notice of Removal pursuant to 28 18 U.S.C. §§ 1441(a) and 1446 and in support thereof gives notice of the following facts: 19 20 IDENTIFICATION AND CITIZENSHIP OF PARTIES 21 At the time this action was commenced, and as of the date of this Notice of Removal, ı. 22 Michel Gelinas ("Gelinas") was and is a citizen in the State of California, County of Santa Clara. 23 At the time this action was commenced, and as of the date of this Notice of Removal, 2. 24 The Bergquist Company ("Bergquist") was and is a corporation duly organized under the laws of the 25 State of Minnesota, with its principal place of business in Chanhassen, Minnesota. 26 At the time this action was commenced, Gelinas averred DOES 1-20 by fictitious 27 names as defendants. Gelinas does not assert that any DOES are California citizens. Moreover, 28

Notice of Filing of Removal to Federal Court

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pursuant to 28 U.S.C. § 1441(a), the citizenship of fictitious names, such as John Doe, will be disregarded for purposes of diversity of citizenship in removal actions.

### THE CIVIL ACTION

- 4. On or about March 27, 2008, Gelinas instituted a civil action against Bergquist in the Superior Court of the State of California Santa Clara County, Case No. 108CV109164. Bergquist first learned of the Complaint by fax service of a Summons and Complaint upon Bergquist on April 3, 2008. A copy of the Summons and Complaint in that matter are attached as Exhibit A.
- 5. The Summons and Complaint, accompanied by the state court's Civil Lawsuit Notice and Alternative Dispute Resolution Information Sheet which are attached as Exhibit B, are the only process and pleadings that have been served upon Bergquist by Gelinas.

### JURISDICTION AND REMOVAL

- Based upon the facts alleged in paragraphs 1 through 3 of this Notice of Removal, there is complete diversity of citizenship between Gelinas and Bergquist.
- 7. The amount in controversy exceeds the sum of \$75,000.00, exclusive of interest and costs. After Gelinas terminated his employment with Bergquist, and in direct violation of his noncompete agreement, he has commenced and persisted to engage in activities violative of his agreement. Bergquist has already suffered resulting damages in excess of \$75,000.00, exclusive of interests and costs and will continue to suffer more losses if Gelinas does not desist his dealings. Matheson v. Progressive Specialty Ins. Ca., 319 F.3d 1089, 1090 (9th Cir. 2003). Accordingly, removal of this action is proper pursuant to 28 U.S.C. § 1441, because this is a civil action brought in state court over which this Federal District Court would have original jurisdiction pursuant to 28 U.S.C. § 1332(a).
- 8. Pursuant to 28 U.S.C. § 1446(b), this Notice of Removal is being filed within thirty days of the first receipt by Bergquist of the Summons and Complaint in the California state court proceeding.
- 9. Bergquist will promptly give written notice of the filing of this Notice of Removal to Gelinas, through his counsel, and will file a copy of this Notice of Removal with the clerk of the

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Superior Court of the State of California for the County of Santa Clara. 1 Based on the foregoing, Bergquist hereby removes the above-entitled action from the 2 10. Superior Court of the State of California for the County of Santa Clara to the United States District 3 Court for the Northern District of California, San Jose Division. 4 5 DATED: April 24, 2008 6 7 Richard W. Osen Julie A. Rancy Bruce J. Douglas, Esq. Richard W. Osen, Esq. (SBN 042566) Julie A. Raney, Esq. (SBN 176060) McDONOUGH HOLLAND & ALLEN PC Willow J. Najjar, Esq. LARKIN HOFPMAN DALY & LINDOREN, LTD. 7900 Xerxes Avenue South, # 1500 Minneapolis, MC 55431-1194 t: (952) 835.3800 f: (952) 896.3333 555 Capitol Mali, 9th Floor 10 Secramento, CA 95814 t: (916) 444.3900 11 f: (916) 444.3249 (to be admitted pro hac vice) 12 ATTORNEYS FOR THE BERGQUIST COMPANY 13 14 BY FAX 15 16 17 18 19 20 21 22 23 24 25 26 27 28

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EXHIBIT A

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Lisa M. Chapman (SBN #118113) NIXON PEABODY LIP 200 Page Mill Road, Second Ploor Palo Alio, CA 94306-2022 Telephone: (659) 320-7700 Pax: (650) 320-7701 Attorney for Plaintiff MICHEL GELINAS

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SUPERIOR COURT OF CALIFORNIA IN AND FOR THE COUNTY OF SANTA CLARA

MICKEL OBLINAS, an individual,

Plaintiff,

Case No.: 108C V 109 164

COMPLAINT FOR DECLARATORY

THE BEROQUIST COMPANY, a Minnesula corporation, and DOES 1 - 20, inclusive,

Defendants,

BY FAX

Plaintiff, Michel Gelinas (hereinafter "GELINAS" or "Plaintiff"), for his complaint against Defendant the Bergquist Company (hereinafter, "BEROQUIST" or Defendant), alleges and states as follows:

#### NATURE OF ACTION

I. This is an action by GELINAS, a former employee of BEROQUIST, whereby GELINAS seeks a determination and declaration of his rights, duties and obligations, if any, in connection with the Non-compete, Non-Solicitation and Confidentiality Agreement (herainafter the "NON-COMPETE AGREEMENT") righted by GELINAS on or about April 27, 2004 and the Sophiration Agreement and General Release (herainafter the "SEPARATION AGREEMENT") entered into between GELINAS and BEROQUIST on or about October 23, 2007.

COMPLAINT FOR DECLARATORY RELIEF

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## PARTIES, JURISDICTION AND VENUE

- GELINAS is an individual residing in the State of California, County of Santa Clara. 2.
- Plaintiff is informed and believes and thereon alleges that BERGQUIST is a 3. Minnesota corporation with its principal place of business in Chanhassen, Minnesota. BERGQUIST is a developer, manufacturer and distributor of thermal products, membrane switches, electronic components and touch screens.
- Plaintiff does not know the true names and capacities whether individual, corporate, 4. partnership or otherwise, of DOES 1 - 20, inclusive, and therefore suce these Defendants by fictitious names. Plaintiff is informed and believes, and thereon alleges that such Defendants are, in some manner, persons or entities related to BERGQUIST and are responsible for the matters alleged herein and/or are interested in the matters which are the subject of this complaint, and therefore should be made parties to this action. When the true names and capacities of DOES 1-20 are ascertained, this complaint will be amended accordingly.
- Plaintiff is informed and believes, and on that basis alleges, that all relevant times each of the Defendants (including the fictitiously named DOE Defendants), were the alter ego, agent, servant, employee or principal of each of the other Defendants, and in doing the acts alleged were acting within the course and scope of their agency or employment with the knowledge and consent of each Defendant.
- Jurisdiction is proper in California because Defendant sold goods that were purchased by consumers in California and employed sales personnel that resided in California and performed employment related duties in California and Defendant's relationship to the state is such that the exercise of jurisdiction does not offend traditional notions of fair play and substantial justice.
- Venue is proper in Santa Clara County Superior Court because (a) GELINAS resides in Santa Clara County, and (b) the employment related services provided by GELINAS pursuant to the terms of the employment agreement entered into between the parties were predominately provided by OELINAS in Santa Clara County.

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COMPLAINT POR DECLARATORY RELIEP

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#### THE AGREEMENTS

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On or about April 27, 2004, GELINAS commenced his employment with BERGQUIST by attending a mandatory new employee orientation at BERGQUIST'S corporate office in Minneapolis, Minnesota. At that orientation BERGQUIST demanded, without any prior notification to GELINAS, that GELINAS execute the NON-COMPETE AGREEMENT. Prior thereto BERGQUIST had not informed GELINAS that his employment with BERGQUIST was conditioned on his execution of the NON-COMPETE AGREEMENT. BERGQUIST did not provide GELINAS with anything in exchange for his execution of the NON-COMPETS AGREEMENT. Under duress and fearing that his employment would be terminated if he refused BERGQUIST'S demand, GELINAS executed the NON-COMPETE AGREEMENT. (A true and correct copy of the NON-COMPETE AGREEMENT is attached hereto as Exhibit B, and incorporated herein by this reference.)

COMPLAINT FOR DECLARATORY RELIEF

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"3. Non-competition. During employment and for twelve (12) months after terminating employment with the Company regardless of the reason, the Employee shall not, directly or indirectly, on behalf of Employee or any other person or entity, provide services for products that compete with any product or service provided by the Company or which was in development during the Employee's employment"..."

And

- "5. Non-solicitation of customers. The Employee agrees not to compete with the Company by doing business with or seeking orders from any customer of the Company for 12 months after termination of the employment relationship. The Employee agrees that soliciting customers will cause the Company irreparable harm."
- The NON-COMPETE AGREEMENT further provides that it is to be interpreted and 11. enforced in accordance with the laws of the State of Minnesota. The NON-COMPETE AGREEMENT does not include an arbitration provision.
- OELINAS performed all of the duties required to be performed by him pursuant to the terms of the EMPLOYMENT AGREEMENT. GELINAS performed all such duties either at his Santa Clara office or in BERGQUIST'S Northern California, Oregon, Washington and Canada sales territory.
- As of October 23, 2007, GELINAS was entitled to a bonus pursuant to BERGQUIST'S "RSM NA Sales Incentive Compensation" plan.
- On or about October 23, 2007, BERGQUIST terminated GELINAS' employment without cause. On that same day BERGQUIST provided him with a copy of a Separation Agreement and General Release (hereinaster "SEPARATION AGREEMENT") and demanded that he execute it

COMPLAINT FOR DECLARATORY RELIEF

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within forty-five (45) days. (A true and correct copy of the SEPARATION AGREEMENT is attached hereto, designated Exhibit "C" and incorporated herein by this reference.) SEPARATION AGREEMENT does not contain a choice of law provision. The SEPARATION AGREEMENT includes in paragraph 6 an arbitration provision that obligates BERGQUIST and OELINAS to resolve any dispute through binding arbitration in Minneapolia, Minnesota, and, among other things, obligates each to pay for one half of the arbitrator's fees. The only consideration set forth in the Separation Agreement was payment of the RSM NA Sales Incentive which was already owed. Fearful that if he did not execute the agreement BERGQUIST would refuse to pay him the outstanding bonus payment that he was owed by BERGQUIST, GELINAS executed the SEPARATION AGREEMENT.

- On or about December 5, 2007, GELINAS accepted a Director of Sales Western 15. Region position with Laird Technologies, Inc. (hereinafter "LAIRD"). LAIRD is a Delaware corporation with its principal place of business in Chesterfield, Missouri. This position obligates GELINAS to manage and coordinate the sales activities of LAJRD in its western sales territory. LAIRD'S western territory is comprised of the United States (west of the Mississippi River only) and Mexico. Since joining LAIRD in December of 2007, GELINAS has spent approximately ninety percent (90%) of his time devoted to the sales activities of LAIRD in areas that are located outside of BERGQUIST'S Northern California, Oregon, Washington and Canada sales territory and only fifteen to twenty percent (15-20%) of LAIRD'S business is comparable to BERGQUIST'S.
- On or about February 5, 2008, BERGQUIST sent GELINAS a letter informing him of its intent to enforce the terms of the NON-COMPETE AGREEMENT in an arbitration proceeding in Minneapolis, Minnesota, and asserting that his actions on behalf of Laird were prohibited by the terms of the NON-COMPETE AGREEMENT.

### FIRST CAUSE OF ACTION

(Declaratory Relief Regarding the NON-COMPETE AGREEMENT Against All Defendants)

GELINAS incorporates herein by reference each and every allegation contained in 17. puragraphs 1 - 16 above.

COMPLAINT FOR DECLARATORY RELIEF

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18. An actual controversy has arisen and now exists between GELINAS and Defendants concerning their respective rights and obligations under the NON-COMPETE AGREEMENT.

- 19. GELINAS contends that the NON-COMPETE AGREEMENT is void and unenforceable because it restricts GELINAS' right to work for a competing business, and in doing so violates California Business & Professions Code § 16600, et seq. This statute provides that covenants not to compete which restrict the rights of employees to work wherever they choose are unenforceable. Under this statute and California law, covenants which contain improper restrictions relating to an employee's right to work violate the public policy of the State of California and are unenforceable.
- 20. GELINAS further contends that because he did not receive anything from BERGQUIST in exchange for his execution of the NON-COMPETE AGREEMENT, it is not supported by adequate consideration and is therefore unenforceable.
- 21. GELINAS further contends that the choice of law provision in paragraph 14 of the NON-COMPETE AGREEMENT which provides that its terms should be interpreted in accordance with the laws of Minnesota is unenforceable. The NON-COMPETE AGREEMENT contains an illegal covenant not to compete and thereby violates the public policy of the State of California. The choice of law provision therein is also unenforceable and California law must be applied in any dispute arising out of the NON-COMPETE AGREEMENT.

### SECOND CAUSE OF ACTION

# (Declaratory Relief Regarding the SEPARATION AGREEMENT

#### Against All Defendants)

- 22. GELINAS incorporates herein by reference each an every allegation contained in paragraphs I 21 above.
- 23. An actual controversy has arisen and now exists between GELINAS and Defendants concerning their respective rights and obligations under the SEPARATION AGREEMENT.

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- GELINAS contends that because he did not receive anything from BERGQUIST in 24, exchange for his execution of the SEPARATION AGREEMENT, it is not supported by adequate consideration and is therefore unenforceable,
- GELINAS further contends that California law should be applied in any dispute arising out of the SEPARATION AGREEMENT. California has a public policy of regulating the relationships between employers and California based employees. Because the SEPARATION AGREEMENT relates to the employer-employee relationship between BERGQUIST and GELINAS, and because the SEPARATION AGREEMENT does not contain a choice of law provision, California law should be applied.
- GELINAS further contends that adjudication of the enforceability of the NON-26. COMPETE AGREEMENT or issuance of any Judgment relating to the NON-COMPETE AGREEMENT may not be determined in arbitration. The NON-COMPETE AGREEMENT does not include an arbitration provision. The SEPARATION AGREEMENT does not integrate the NON-COMPETE AGREEMENT, and therefore the arbitration provision of the SEPARATION AGREEMENT is not binding on any dispute arising out of the NON-COMPETE AGREEMENT.
- GELINAS further contends that even if the arbitration provision in paragraph 6 of the SEPARATION AGREEMENT, which provides that any dispute arising out of the SEPARATION AGRBEMENT is subject to binding arbitration, applied to the NON-COMPETE AGREEMENT, it is also unenforceable. Under California law, arbitration provisions that are procedurally or substantively unconscionable are unenforceable. The arbitration provision in the SEPARATION AGREEMENT is both procedurally and substantively unconscionable, because, among other reasons, it obligates OELINAS to pay for one half of the arbitrator's fees and for the arbitration to be held in Minneapolis, Minnesota. As such it is unenforceable.

#### PRAYER FOR RELIEF

WHEREFORE, Plaintiff, Michel Gelinas, prays this Court for declaratory judgment against Defendant, the Bergquist Company, and all identified DOB Defendants as follows:

For a judicial declaration regarding the rights and other legal relationships between the 1. Plaintiff and Defendants as to the NQN-COMPETE AGREEMENT;

COMPLAINT POR DECLARATORY RELIEF

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2.	Por a judicial declaration that the NON-COMPETE AGREEMENT	
by Defendants	due to lack of adequate consideration;	ts unenforceable

- For a judicial declaration that the NON-COMPETE AGREEMENT is void under Cal.
   Bus. & Prof. Code § 16600, et seq. and Defendants are, therefore, barred from enforcing it against
   Plaintiff;
- For a judicial declaration that the NON-COMPETE AGREEMENT is unenforceable by Defendants due to lack of consideration:
- 5. For a judicial declaration that the choice of law provision in the NON-COMPETE AGREEMENT is void and that California law should govern any dispute arising out of the NON-COMPETE AGREEMENT;
- For an Order prohibiting Defendants from enforcing the NON-COMPETE AGREEMENT;
- For a judicial declaration regarding the rights and other legal relationships between the Plaintiff and Defendants as to the SEPARATION AGREEMENT;
- 8. For a judicial declaration that the SEPARATION AGREEMENT is unenforceable by Defendants due to lack of adequate consideration:
- 9. For a judicial declaration that the arbitration provision in the SEPARATION AGREEMENT is void because it violates California law and is unenforceable:
- For a judicial declaration that California law should be applied in any dispute arising out of the SEPARATION AGREEMENT;
- 11. For a judicial declaration that if an arbitration is conducted pursuant to the terms of the SEPARATION AGREEMENT, such arbitration may not involve consideration of the enforceability of the NON-COMPETE AGREEMENT or issuance of any judgment or ruling regarding the NON-COMPETE AGREEMENT:
- 12. For an Order prohibiting Defendants from enforcing the SEPARATION AGREEMENT;
  - 13. For the costs of this action; and,

COMPLAINT FOR DECLARATORY RELIEF

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For such other and further relief as this Court seems just and equitable. DATED: March 18, 2008 Respectfully submitted, NIXON PEABODY LLP MICHEL GELINAS COMPLAINT FOR DECLARATORY RELIEF 10942549.2

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CIVIL LAWSUIT NOTICE

Superior Court of California, County of Santa Clare 181 N. First St., San Jose, CA 95113

Page 1 of 1

## READ THIS ENTIRE FORM

PLAINTIFFS (the person(s) suing): Within 60 days after thing the lewsuit, you must some each defendant with the Complaint, ELEVIT (ICE) fine personis) story). Villant our usys one using the invester, you make sorve seem universally went the complete. Surrenors, as Allethetive Dispute Resolution (ADR) information Sheet, and a copy of this Civil Lewistii Motion, and you must the written

<u>DEFENDANTS</u> (The person(s) being sued): You must do each of the following to protock your rights:

- You must file a written response to the Complaint, in the Clark's Office of the Court, within 30 days of the daje the Susmone and Completed wore served on your
- You must send a copy of your written response to the plaintiff, and

You must atland the first Care Management Conference.

Warning: If you do not do these three things, you may automatically loss this case.

RIMES AND FORMS: You must follow the California Rules of Court (CRC) and the Santa Clare County Superior Court Local Civil Rules and use proper forms. You can get legal Information, view the rules and get forms, true of charge, from the Self-Survice Center at 99 Noise Darse Avento, San Jose (408-882-2900 x-2925), or from:

- State Rules and Judichi Council Former www.gourdufo.ca.gov/forme and www.counterlo.ca.gov/ridos Local Rules and Forms: http://www.scou.performer.tergieh/ifrue-flos.him Rose Printing: 400-293-8177 or hecky@mse-printing.com (there is a charge for forms)

For other local togel information, visit the Court's Self-Sorvice website www.scaellservice.org and select "Civil."

CASE MANAGEMENT CONFERENCE (CMC): You must meet with the other parties and discuss the case, in parson or by telephone, at least 30 calendar days before the CMC. You must also fill out, file and serve a Case Management Statement (Judicial Council form

You or your attorney must appear at the CMC. You may ask to appear by telephone - see Local Civil Rule 8.

Your Case Manag	pument Judge ls: Kavin	3 J Mumbu
	itedulad for: (Completed by	by Clark of Court
	<b>DANUG 1.9</b> 21	2008. Time: 3:00 PM in Department 22 d by party if the 14 CMC was continued or like passed)
	Dale:	Time:in Department

ALTERNATIVE DISPUTE RESOLUTION (ADR): If all parties have appeared and filed a completed ADR Stiputation Form (local form CV-5008) at least 15 days before the CMC, he Court will cancel the CMC and mail notice of an ADR Status Conference. Visit the Course wabelte of whose sociocontornichidades or pair the ADR Administrator (408-862-2100 x-2530) for a flat of ADR providers and their qualifications, services, and fees,

WARNING: Sanctions may be imposed if you do not follow the California Rules of Court or the Local Rules of Court

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#### SUPERIOR COURT OF CALIFORNIA, COUNTY OF SANTA CLARA ALTERNATIVE DISPUTE RESOLUTION INFORMATION SHEET / CIVIL DIVISION

Many cases can be resolved to the cottsfaction of all parties without the necessity of preditional litigation, many cases can be improved to the committee of an partite without the necessity of waditional hillgallon which can be expensive, time communing, and successful. The Court finds that is in the best interests of the partite that they participate to sitematives to traditional filigation, including arbitration, machine, markets symbolic and the partition of the par and may participate in successive to transluses unigetion, increasing moving on, insulation, insulates synthetical appoint madely; and referees, and self-ment conferences. Therefore, all matters shall be referred to an appropriate form of Alternative Dispute Rasolution (ADR) before they are set for trial, unless there is good souse to dispense

#### What is ADR?

ADR is the general term for a wide variety of dispute resolution processes that are alternatives to tillgadon.

Types of ADR processes include mediation, arbitration, neutral evaluation, special message and referees, and

What are the advantagest of choosing ADR instead of litigation?

ADR can have a number of advantages over Higgstion:

- ADR can save thme. A dispute can be recolved in a metter of months, or even wooks, while disjution can
- ADR can save money. Atturney's flees, court costs, and export flees can be reduced or project allogather.
- ADR provides more participation. Parties have more opportunities with ADR to express their interests will concerne, instead of tonnains exclusively on jedes tildiff.
- ADR provides more central and flexfieldly. Pertian bon shouse the ADR procuse that is most likely to
- ADR can raduce struct. ADR encourages cooperation and communication, while discouraging the adversarial atmosphere of litigation. Surveys of parties who have participated in an ADR process leave found much greater estisfaction than with parties who have gone through litigation.

### What are the main forms of ADR offwed by the Court?

- Madiation is an informal, confidential process in which a neutral party (the mediator) assists the parties in andwardshing their own interests, the inferests of the other parties, and the procifical and legal resilities they all face. The mediator than helps the parties to explore options and arrive at a nutually scaeptable resolution of the dispute. The resolution does not decide the dispute. The parties do.
- Mediation may be appropriate when;
  - The parties want a non-enversery procedure
    - The parties have a continuing business or personal relationship
  - Communication problems are interfering with a resolution
  - There is an emotional clament bavelyed
  - The parties are interested to an hijunction, content decree, or other form of equilable relief

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Arbitration is a normally informal process is which the newpril (the arbitrator) decides the dispute after hearing the avidence and arguments of the parties. The parties can agree to binding or non-binding arbitration. Bit thing subtration is designed to give the parties a resolution of their disputs when they cannot arbitration or or with a madistor. If the arbitration is non-binding, any party can reject the arbitration and request a trial.

## Arbitration may be appropriate whea:

- The section is for pursual injury, property demagn, or breach of contract
- - Witness testinous, under outh, is desired
- -An advisory opinion is sought from an experienced lifestor (if a sea-binding arbitration)

Neutral evaluation is an informal process to which a neutral party (the systuation) reviews the nase with commed and gives a non-binding assessment of the strengths and weightening on each ride and the comme. The neutral can help perfect to identify issues, propers superations, and deaft discovery plant. The parties may use the needed's evaluation to discuss settlement.

## Mentral avaluation may be appropriate when!

- eramentation and the sport in their view of the law or value of the case
- The case lavolves a technical issue in which the evaluator has apportise
  - Case planning assistance would be helpful and would save legal fees and costs
- The parties are interested in an injunction, consent decree, or other form of equitable relief Special masters and referees are neutral parties who may be appointed by the court to obtain information

Special matters and referent can be particularly effective in complex cases with a number of parties, like

Sattlement conferences are informal processes in which the neutral (a judge or an experienced attorney) mosts with the parties or their alterneys, hears the facts of the dispute, and normally suggests a majoration

Settlement conferences can be effective when the authority or expertise of the judge or experienced atterney

## What kind of disputes can be resolved by ADR?

Although some disputes must to to court, sincert my dispute can be resolved through ADR. This includes disputes involving business matters; civil rights; corporation; consequently protection; construction; disabilities; discrimination; camployment; asvironmental problems; harmoness; bestiments in an incommental problems; harmoness; laboration in an incommental problems. copyrights; deficination; disabilities; descrimination; ampulyment; assumement problems; henteness; bealth care copyrights; deficiently property; liber; landscrimination assumement in the problems; perfectly property assumement in the problems; perfectly perfectly problems; perfectly per

Where can you get antistance with selecting an appropriate form of ADR and a neutral for your case, for

Sasta Clara County Superior Court ADR Administrator 408-882-2530

Santa Clara County DRPA Coordinator

ALTERNATIVE DISPUTE RESOLUTION INFORMATION SHEET/ CIVIL DIVISION

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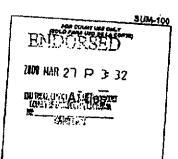
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SUMMONS (CITACION JUDICIAL)

NOTICE TO DEFENDANT:

(AVISO AL DEMANDADO): THE BENGQUIST COMPANY, a Minnesota corporation,

AND DOES 1-20 INCLUSIVE TO ANTIFF: (LO ESTA DEMANDANDO EL DEMANDANTE): MICHEL SELIMAS, an individual,



You have 38 CALENDAR DAYS after this summers and legal papers are served on you to life a written response of this oout and have a copy served on the plaintile. A letter or phane sall wilk not protect you written response should be in proper legal form if you want no count to hear your wasse. There may be a count form that you dan use for your written response should be in proper legal form if you want no inhomethen at the Coultonie Country Online Self-Main Contain (www.countries.co.govirelification), your county has library for the second terms and none master you. If you cannot pay the Shing fee, sak the count tests for a less waters form. If you do not file your temperate and none to she file your temperate water the second standard to the country of the country of the country of the country of the second standard in the standard of the country of the second standard should be sufficiently, you may went to call an attempt of the second standard should be seen according to the Country of the Co

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SUMMONS

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Richard W. Osen